
FEDERAL ENERGY REGULATORY COMMISSION

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NEWS RELEASE

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FOR IMMEDIATE RELEASE

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Docket Nos. EC99-49-000
and EC99-50-000

**PACIFICORP/SCOTTISHPOWER,
NEES/NATIONAL GRID MERGERS APPROVED**

The Federal Energy Regulatory Commission today cleared the way for the first utility combinations of their kind-- transactions in which foreign companies will purchase major domestic electric utilities.

Today's action grants ScottishPower, headquartered in Glasgow, Scotland, permission to acquire Portland, Oregon-based PacifiCorp (EC99-50-000). PacifiCorp--a public utility serving about 1.4 million customers in six western states--will become a wholly-owned subsidiary of ScottishPower.

In a separate order today, the Commission also approved the purchase by NGG--a subsidiary of Britain's National Grid Group--of the New England Electric System (NEES).

With headquarters in Westborough, Massachusetts, the NEES companies--including Massachusetts Electric Company, the Narragansett Electric Company, New England Electric Transmission Corporation, New England Hydro-Transmission Corporation, New England Hydro-Transmission Electric Company, Inc. and ALLEnergy Marketing Company--serve about 1.3 million customers in Massachusetts, New Hampshire and Rhode Island.

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FERC Chairman James J. Hoecker said, "The transactions we approve today are evidence of the international character of modern energy markets. Our domestic utilities have been investing

in foreign utilities for some time. Now, the shoe is on the other foot. Our analysis shows no anti-competitive harm from these mergers. And, as with consolidation in the business generally, these transactions offer the hope of greater efficiency, innovation, and improved customer services. Our bottom line is still to obtain net benefits for American consumers."

Based on the companies' commitments, the Commission found that the mergers would meet the public interest standards of Section 203 of the Federal Power Act. Under its 1996 Merger Guidelines, the Commission focuses its review on three key issues--the effect on competition, rates, and regulation.

The Commission found that the PacifiCorp/ScottishPower merger did not pose competitive concerns since the merging companies do not share the same geographic markets. In addition, the companies said that merger-related costs would not be borne by ratepayers.

Under terms of the \$3.2 billion NEES/National Grid merger (EC99-49-000), NEES would become a subsidiary of National Grid--the owner and operator of the electric transmission network in England and Wales.

As in the PacifiCorp merger, the Commission found that since the NEES companies and National Grid did not share the same geographic markets, issues of market power did not arise.

In both cases, to ensure continued regulatory oversight and protect ratepayers from affiliate abuse, the companies agreed to abide by the Commission's policy on utility transactions within holding companies.

Both ScottishPower and National Grid pledged access to their books and records so that the Commission can maintain appropriate regulation.